

FISCAL NOTE

HB 2133 - SB 2207

January 22, 1998

SUMMARY OF BILL: Eliminates the current designation of cultural and special license plates and creates new categories for specialty plates, memorial plates and special purpose plates. Specialty plates will require a minimum of 400 for initial issuance and existing plates must meet the minimum by December 31, 1999 and maintain that level or they will become invalid. The bill authorizes the Department of Safety to administratively issue new plates subject to the requirements of the law. The department is required to undertake a promotional advertising campaign for such specialty plates.

The bill would allow personalization of most plates for the additional fee of \$25 per year. The bill reduces the cost for honorably discharged veterans from \$25 to \$3.50 and allows sale of front-end license plates for emergency categories. Revenues from existing specialty plates will be distributed 30% to the Highway Fund and 70% to the Tennessee Arts Commission. Revenue from the creation of new plates will be distributed 50% to the sponsoring organization, 30% to the Arts Commission and 20% to the Highway Fund.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$22,600 Recurring
\$39,500 One-Time**

**Increase State Revenues - \$95,900 Net One-Time-General Fund
\$41,100 Net One-Time-Highway Fund**

Estimated Expenditures		
	<u>Recurring</u>	<u>One-Time</u>
Staff	\$ 19,100	
Operations	3,500	6,500
Manufacture Front End Plates		
22,000 Plates @ \$1.50		33,000
	<u>\$ 22,600</u>	<u>\$ 39,500</u>

First year revenues are from the sale of front-end plates and an estimated increase in personalized license plates, partially offset by a decrease in revenue from lowering the fee to honorably discharged veterans. All revenues above the cost of production and marketing are allocated to the Tennessee Arts Commission and the Highway Fund. The distribution formula proposed in the bill does not materially change the amount currently allocated to the Highway Fund. However, there will be some reduction in revenues in subsequent years from lost sales when some specialty plates are ruled invalid, offset by increases in sales from new plates.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial "J".

James A. Davenport, Executive Director